

LET'S TALK MONEY®

May/June 2020

Saving for College

Coverdell Education Savings Accounts (ESAs)* and 529 plans** can be key to helping lower the cost barrier to college for many students.

Coverdell ESA

If you qualify by income limits, you can contribute up to \$2,000 annually to the Coverdell ESA for qualified education expenses for college, elementary and secondary schools. Contributions are not tax-deductible.

The ESA's beneficiary must be under the age of 18 or a special-needs student to qualify, and all money must be distributed when the beneficiary reaches age 30, unless the student has special needs. You can keep the money, however, by changing the beneficiary to another student under 30. Potential earnings are tax-deferred and distributions are income tax-free up to the amount of qualified education expenses incurred. You can't make contributions, though, for beneficiaries once they reach 18.

529 Plan

If you're looking to put more money away, check out a 529 plan. This plan lets you prepay for a specific institution or contribute to an

account that pays for a student's qualified education expenses at any postsecondary institution. States establish their own 529 savings plans, each with their own contribution limits (which can be high), while eligible educational institutions can establish prepaid plans.

Potential earnings in a 529 plan grow tax-deferred and qualified distributions are tax-free. While contributions aren't federally tax-deductible, some states may allow a deduction, and there are no income restrictions.

Anyone can contribute up to \$15,000 per individual and \$30,000 per married couple filing jointly per year to a 529 plan, free of federal gift tax. You can also bunch contributions into one year up to the maximum of \$75,000, but then you can't contribute anything else in the subsequent four years.

* <https://www.irs.gov/pub/irs-pdf/p970.pdf>

**Certain requirements may apply. Before investing, consider the investment objectives, risks, charges and expenses associated with 529 plans. Read the program offering statement before investing. 529 plans are not guaranteed by any state or federal agency. Consider whether the investor's or beneficiary's home state offers any state tax or other benefits available only from that state's 529 plan. Discuss 529 tax rules with your tax professional.



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I am committed to helping my clients achieve their financial goals for themselves, their families and their businesses by providing them with strategies for asset accumulation, preservation and transfer.

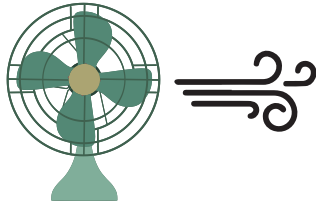
Standard Version
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Summer Cooling Tips

The high heat of summer can affect your pocketbook in many ways. Consider these money-saving tips:



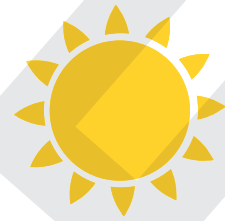
INDOORS

- Grill your meals outdoors to keep the kitchen cool.
- Use insulated curtains on windows where the sun hits the hardest.
- Keep the windows shut when your house is cooler than outdoors, but open windows when outside temperatures cool.
- Caulk windows, doors and air conditioning spaces to keep the heat out and cold in.
- Close vents and doors in unused spaces of your home.
- Use fans to aid the air conditioning.
- Service your air conditioner annually.
- Upgrade to a smart thermostat.



ON THE ROAD

- To save fuel and prevent breakdowns, tune-up your vehicle regularly, change oil and air filters, service the air conditioner, inflate tires properly and follow the manufacturer's specifications for additional upkeep.
- Open the windows to let the hot air out before blasting your vehicle's AC, then close them.
- Close fresh air vents to keep the hot air out or open them and turn off the AC when cooler outside.
- Park in the shade and garage when possible or use a sunshade when you can't.
- Avoid quick starts and stops, use the cruise control and reduce your speed.



OUTDOORS

- Keep hydrated and use sunscreen.
- Limit consumption of caffeine and alcohol, which can trigger dehydration.
- Wear a sun hat and light-colored cotton.
- Stay in the shade as much as possible.
- Exercise indoors or early morning or late evening.
- Use products like wearable ice and personal fans to help keep you cool.
- Be aware of the signs of heat exhaustion, which include heavy sweating, rapid pulse, dizziness, fatigue, cool, moist skin with goose bumps, muscle cramps, nausea and headache.

Summer Spending Tips

With school out and vacations near, it's easy to see how summer can blow a hole in the family budget. This summer, consider a few ways you can have fun near home and control your spending, too.

SAY HI

Many towns and some cities host free movie and concert nights, and a few even have periodic fireworks displays. Meet your neighbors in the process and you win all around without opening your wallet.

BE FESTIVE

Summer is dotted with food, music and wine festivals throughout the country. If you control the urge to buy everything in sight, these can be a good way to spend a day in the fresh air and enjoy free samples, too.

HAVE A PICNIC

Another way to enjoy the outdoors at low cost in the summer is to picnic in the many parks around the country. Invite family or friends and include a scenic hike, refreshing swim or bike ride for an added health benefit.

BRING YOUR OWN

Fill your cooler with snacks and drinks when driving to any of these activities to save on the cost of buying them on the road. A quick stop at a scenic rest area can be fun and rejuvenating during those long rides.

Tax Help after Disasters

When natural disasters disrupt our lives, the last thing we think about is our taxes. While you'll still have to pay taxes and file tax forms, the IRS and many jurisdictions offer some assistance during these trying times.

Reconstruct Records

When a natural disaster destroys your federal tax records, the IRS has a number of ways to help you reconstruct them. Request help by mail or online at www.irs.gov. Be prepared to give identifying information, including your social security number, date of birth and mailing address from your latest tax return.

Check for Help

When the federal government issues a disaster declaration, the IRS generally offers extra time to file and pay taxes, and waives late filing and payment penalties. If you inadvertently receive a notice for late filing or payment during the grace period, call the IRS number on your notice to rectify the matter.

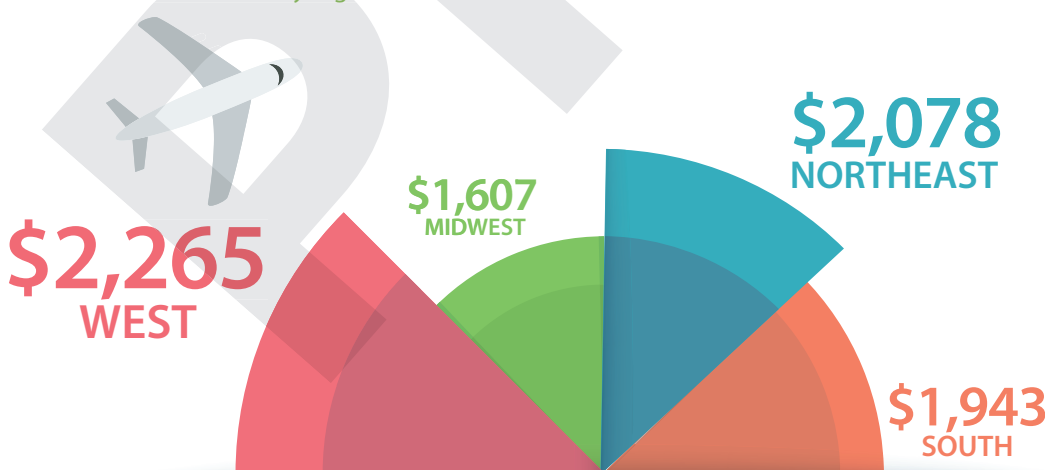
Plan Ahead

While no one wants to incur a loss due to a natural disaster, individual and business taxpayers may receive tax deductions for allowable losses. IRS publications 584 and 584-B are workbooks that can help identify and calculate casualty, disaster and theft losses to reduce your taxes. Consult your tax professional for help.



What Americans Spend on Vacation

The Bankrate Summer Vacation Survey 2019 asked Americans how much they expected to spend on their vacations, with the average coming in at almost \$2,000. These numbers differed by region.



How to Save Money on Your Summer Trip

Summer vacations can eat up a family's budget in a hurry, so planning ahead and saving for more expensive trips is a necessity for most people. You can, however, take a few days off in the summer and not bust your budget in the process. For example:

- 01 Start Your Engines.** Airfare can cost a family of four a pretty penny, making driving a potentially cost-friendlier option. If you can drive to a summer vacation destination within a day, consider this option. Or better yet, change up your vacation plans and take a leisurely two- or three-day drive, stopping at points of interest or visiting friends and family along the way.
- 02 Use Your Points.** If you choose the multi-day drive, you'll need to sleep somewhere. Use your points to help pay for all or part of your lodging.
- 03 Find Coupons.** Look for coupons at interstate rest stops to reduce your lodging costs.
- 04 Stay Over.** Stay at the homes of friends and family that you visit along the way.
- 05 Go Bigger.** Rent a home or apartment, especially in higher-priced areas. You'll find their costs are similar to or slightly higher than staying in a hotel, but you'll save money by using the kitchen for meals and probably have more space. You might even double up with family or friends, splitting the cost of a multi-room house or apartment.

Bigger Baskets

Buying shares of mutual funds* generally gives investors a way to own a piece of many securities, offering some diversification** most people could not afford if they were to buy the same securities individually. Two popular investments that aim to achieve this diversity at a reasonable price are index-based mutual funds and exchange-traded funds (ETFs). While they have some similarities, there are some important differences.

Similarities

Index-based mutual funds and ETFs are passive investments. They both seek to track underlying securities' indexes and replicate their respective returns, generally with lower fees than actively managed funds.

Both types of pooled investment vehicles generally have lower fees than non-indexed mutual funds, but charge a small fee known as the expense ratio. ETFs that mimic the major indexes may have lower fees than index funds.

Differences

ETFs are not mutual funds but investments registered with the Securities and Exchange (SEC) commission. While index fund shares can only be bought or sold at the end of each trading day, ETF shares are traded throughout the day. This means index fund prices change only after trading hours. ETF prices change more frequently and, because they are traded

throughout the day, they are potentially more liquid. Investment minimums also may vary between the two. Use caution, however, as some ETFs may trigger trading commissions.

Get Help

While these descriptions are generalized, some ETFs can be very specialized with a small niche focus and higher fees, making them more difficult to trade and more expensive. Talk to a financial professional to learn more.

**Investors should consider the investment objectives, risks, charges and expenses of the fund carefully before investing. Contact the issuing firm to obtain a prospectus which should be read carefully before investing or*

sending money. Because mutual fund values fluctuate, redeemed shares may be worth more or less than their original value. Past performance won't guarantee future results. An investment in mutual funds may result in the loss of principal.

***Diversification cannot eliminate the risk of investment losses. Past performance won't guarantee future results. An investment in stocks or mutual funds can result in a loss of principal.*



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Your feedback is very important to us. If you have any questions about any of the subjects covered here, or suggestions for future issues, please don't hesitate to call. You'll find our number on the front of this newsletter. It's always a pleasure to hear from you.

ADVERTISING REGULATION DEPARTMENT REVIEW LETTER

January 08, 2020

Reference: **FR2019-1216-0015/E**

1. LTM May/June 2020 Standard

Rule: FIN 2210

Dear Mr. Thuner,

The communication submitted appears consistent with applicable standards.

Reviewed by,

David Y. Kim
Associate Principal Analyst

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Please send any communications related to filing reviews to this Department through the Advertising Regulation Electronic Filing (AREF) system or by facsimile or hard copy mail service. We request that you do not send documents or other communications via email.

NOTE: *We assume that your filed communication doesn't omit or misstate any fact, nor does it offer an opinion without reasonable basis. While you may say that the*